

EXHIBIT T

ERP #3

**2005 ALITALIA USA
VOLUNTARY
EARLY RETIREMENT PLAN
PLAN DOCUMENT
AND
SUMMARY PLAN DESCRIPTION**

Effective August 17, 2005

PURPOSE OF THE PLAN

The purpose of the 2005 Alitalia USA Voluntary Early Retirement Plan (the "Plan") is to provide special severance benefits to eligible employees who voluntarily elect to resign their employment under the conditions described below.

This document contains the official text of the Plan. This document also constitutes the "Summary Plan Description" for the Plan under the Employee Retirement Income Security Act ("ERISA").

DEFINITIONS

Company means Alitalia Linee Aeree Italiane SpA.

Plan Administrator means the Company or such other person or committee appointed from time to time by the Company to administer the Plan.

ELIGIBLE EMPLOYEES

An employee will be eligible to participate in this Plan if he or she meets the following eligibility requirements on August 17, 2005 or any future date designated by the Company in its sole discretion.

- He or she will be at least 50 years old as of December 31, 2005 and he or she would have at least 15 full years of service as of December 31, 2005; and
- He or she is an active employee of the Company in a division, department or unit of the Company to which the Company in its sole discretion has decided to offer participation in this Plan.

EMPLOYEES NOT ELIGIBLE TO PARTICIPATE

An employee will not be eligible to participate in this Plan if:

- The terms and conditions of the employee's employment with the Company (or the termination thereof) are governed by an individual written employment or separation agreement between the employee and the Company;

- The employee is a payroll service or staffing agency employee who is paid by an entity other than the Company, or who is paid by the Company by any means other than the Company's internal corporate payroll system (e.g., through purchase order accounts);
- The employee is designated by the Company as an independent contractor or consultant;
- The employee is receiving any severance-type benefits from the Company from any source other than this Plan.

CONDITIONS FOR PARTICIPATION

In order to receive the severance benefits under this Plan, the Company must determine that the employee has satisfied all of the following conditions:

Offer to Resign

The employee must take an offer to resign under this Plan in the form, manner and time frame prescribed by the Plan Administrator. After such date, the opportunity to participate in the Program will automatically expire and no further offers to resign under this Plan will be considered.

Company Acceptance of Offer

The employee will only be eligible to terminate his or her employment with the Company and receive benefits under this Plan if the Company, in its sole discretion, determines to accept the employee's offer to resign under the Plan.

No Termination for Cause

The employee will not be eligible for voluntary severance benefits under this Plan if the Company terminates his or her employment at any time for cause or for behavior prejudicial to the Company, as determined by the Company in its sole discretion.

Last Day of Employment

The employee's voluntary resignation from the Company must take effect on a date designated by the Company after October 1, 2005 (the "Resignation Date"). The employee must continue to be actively at work through the last day of work designated by the Company, unless the employee is absent due to vacation or an approved absence from work (including leave under the Family and Medical Leave Act). Any employee who voluntarily resigns or otherwise voluntarily terminates employment prior to the Resignation Date established for him or her by the Company will not be eligible for any benefits under this Plan.

■ Execution and Non-Revocation of Release

The employee

- must execute a Separation Agreement and General Release in the form, and within the time period, prescribed by the Company, and

- must not revoke such Separation Agreement and General Release before it becomes effective (if applicable).

■ **Return of Company Property and Settlement of Expenses**

The employee must return all Company property and have settled satisfactorily all monies owed to the Company, if any.

SEVERANCE BENEFITS

An employee who meets the conditions described above will receive the following severance benefits:

■ **Severance Benefits**

VP or Director

If the employee is a VP or Director, as designated by the Company in its sole discretion, the employee will receive the following benefits:

- Severance pay equal to 3 weeks of the employee's regular base pay (as in effect on his/her last day of employment) multiplied by his/her full years of service with the Company in the United States (not as an expatriate employee) and
- Continued medical and dental insurance coverage under the Company's medical insurance plan on the same basis as active employees from the employee's date of separation until the earlier of: the end of the 6-month period following the employee's last day of employment, or the date the employee obtains new employment with available medical insurance.

Manager, Coordinator or Supervisor

If the employee is a manager, coordinator or supervisor, as designated by the Company in its sole discretion, the employee will receive the following benefits:

- Severance pay equal to 2 weeks of the employee's regular base pay (as in effect on his/her last day of employment) multiplied by his/her full years of service with the Company in the United States (not as an expatriate employee) and
- Continued medical and dental insurance coverage under the Company's medical insurance plan on the same basis as active employees from the employee's date of separation until the earlier of: the end of the 6-month period following the employee's last day of employment, or the date the employee obtains new employment with available medical insurance.

Other Employees

If the employee is not a VP, Director, Manager, Coordinator or Supervisor, as designated by the Company in its sole discretion, the employee will receive the following benefits:

- Severance pay equal to 1 ½ weeks of the employee's regular base pay (as in effect on his/her last day of employment) multiplied by his/her full years of service with the Company in the United States (not as an expatriate employee) and
- Continued medical and dental insurance coverage under the Company's medical insurance plan on the same basis as active employees until the earlier of: the end of the 6-month period following the employee's last day of employment, or the date the employee obtains new employment with available medical insurance.

■ Unemployment Compensation

The Company will not contest applications for unemployment compensation filed by employees participating in the Plan. However, eligibility for such benefits shall be determined by the appropriate government authorities.

The severance benefits provided under this Plan are generally determined in accordance with the above guidelines. However, the Company, in its sole discretion, and on a case-by-case basis, may increase or decrease the severance benefits provided to an eligible employee.

The severance benefit calculated and paid in accordance with this Section is intended to include and encompass any severance, unemployment, workers' compensation, disability or other income replacement benefit to which an employee may be entitled by virtue of his or her employment with the Company. Accordingly, the Company may, in its sole discretion, reduce or offset, in whole or in part, any severance benefit payable under this Plan, in any manner and to any extent it deems consistent with the preceding sentence.

In the event of the employee's death after his or her termination date, any unpaid severance benefits shall be paid to the employee's surviving spouse or, if there is no surviving spouse, to the employee's estate.

While an employee is receiving severance benefits, the employee shall be ineligible to accrue service, vacation time or to participate in any employee benefit plan, program or arrangement provided by the Company for the benefit of employees, except as otherwise specifically provided herein, or except as expressly agreed upon by the Company.

The Company may cause such amounts to be withheld from payments under this Plan as it determines necessary to recoup any outstanding monies owed to the Company, fulfill any wage or compensation withholding requirements, wage garnishments, income executions or any other federal, state or local law.

NO OTHER SEVERANCE BENEFITS

An employee of the Company whose employment is terminated in connection with the Plan will not be entitled to receive severance benefits under any other plan, practice, or policy maintained by the Company.

GENERAL RULES

■ Right to Withhold Taxes

The Company shall withhold such amounts from payments under this Plan as it determines necessary to fulfill any federal, state, or local wage or compensation withholding requirements.

■ **Right to Continued Employment**

Neither the Plan nor any action taken with respect to it shall confer upon any person the right to continue in the employ of the Company or any of its affiliates.

■ **Benefits Non-Assignable**

Benefits under the Plan may not be anticipated, assigned or alienated.

■ **Unfunded Plan**

The Company will make all payments under the Plan, and pay all expenses of the Plan, from its general assets. Nothing contained in this Plan shall give any eligible employee any right, title or interest in any property of the Company or any of its affiliates.

■ **Governing Laws**

The provisions of the Plan shall be construed, administered and enforced according to applicable federal law and, where appropriate, the laws of the State of New York without reference to its conflict of laws rules and without regard to any rule of any jurisdiction that would result in the application of the law of another jurisdiction. **The parties expressly consent that: (a) any action or proceeding relating to this Plan or any release, termination certificate or other agreement entered into with respect to this Plan, will only be brought in the federal courts located in the City of New York; and (b) any such action or proceeding will be heard without a jury or advisory jury. The parties expressly waive the right to bring any such action or proceeding in any other jurisdiction and to have such action or proceeding heard before a jury or advisory jury.** No action or proceeding relating to this Plan or any Separation Agreement and General Release or other agreement entered into with respect to this Plan may be brought (i) before the exhaustion of the Claims procedure set forth below and (ii) more than 1 year after the employee's termination date.

■ **Severability**

The provisions of the Plan are severable. If any provision of the Plan is deemed legally or factually invalid or unenforceable to any extent or in any application, then the remainder of the provisions of the Plan, except to such extent or in such application, shall not be affected, and each and every provision of the Plan shall be valid and enforceable to the fullest extent and in the broadest application permitted by law.

■ **Section Headings**

Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Plan.

AMENDMENT AND TERMINATION

The Company may modify, amend, or terminate this Plan at any time with respect to any employee at any time prior to such employee's termination of employment.

ADMINISTRATION OF THE PLAN

The Plan Administrator shall have sole authority and discretion to administer and construe the terms of this Plan, subject to applicable requirements of law. Without limiting the generality of the foregoing, the Plan Administrator shall have the following powers and duties:

- To interpret the Plan, its interpretation thereof to be final and conclusive on all persons claiming benefits under the Plan; and
- To decide all questions concerning the Plan, including the eligibility of any person to participate in, and receive benefits under, the Plan.

CLAIMS PROCEDURE

Alitalia's Senior VP Corporate & Regulatory Affairs North America and Mexico, reviews and authorizes payment of severance benefits for those employees who qualify under the provisions of the Plan. No claim forms need to be submitted. Questions regarding payment of the severance benefits should be directed to the Senior VP Corporate & Regulatory Affairs North America & Mexico.

If an employee feels he or she is not receiving severance benefits which are due, the employee should file a written claim for the benefits with the Senior VP Corporate & Regulatory Affairs North America and Mexico. A decision on whether to grant or deny the claim will be made within 90 days following receipt of the claim. If more than 90 days is required to render a decision, the employee will be notified in writing of the reasons for the delay. In any event, however, a decision to grant or deny a claim will be made no later than 180 days following the initial receipt of the claim.

If the claim is denied in whole or in part, the employee will receive a written explanation of the specific reasons for the denial, including a reference to the Plan provisions on which the denial is based.

If the employee wishes to appeal this denial, the employee may write within 60 days after receipt of the notification of denial. The claim will then be reviewed by the Senior VP Corporate & Regulatory Affairs North America and Mexico, and the employee will receive written notice of the final decision within 60 days after the request for review. If more than 60 days is required to render a decision, the employee will be notified in writing of the reasons for the delay. In any event, however, the employee will receive a written notice of the final decision within 120 days after the request for review.

STATEMENT OF ERISA RIGHTS

As a participant in this Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all plan participants shall be entitled to:

■ Receive Information About Your Plan and Benefits

Examine, without charge, at the Plan Administrator's office and at other specified locations all documents governing the Plan and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

■ Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

■ Enforce Your Rights

If your claim for a severance benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within thirty (30) days, you may file suit in a Federal Court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a State or Federal Court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal Court. If it should happen that plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

■ Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

ADDITIONAL INFORMATION

Plan Sponsor: Alitalia Linee Aeree Italiane SPA
350 Fifth Avenue
New York, New York 10118

**Employer Identification
Number (EIN):** 13-1621359

Plan Name:	2005 Alitalia USA Voluntary Early Retirement Plan
Type of Plan:	Welfare benefit plan - severance pay
Plan Year	Calendar year
Plan Number	557
Plan Administrator	Alitalia Linee Aeree Italiane SPA 350 Fifth Avenue New York, New York 10118 212-903-3500 Attention: Senior VP Corporate & Regulatory Affairs North America and Mexico
Agent for Service of Legal Process	Plan Administrator

GENERAL ANNOUNCEMENT TO ELIGIBLE EMPLOYEES

ALITALIA USA 2005 VOLUNTARY EARLY RETIREMENT PLAN

The following questions and answers describe the basic features of the Alitalia USA 2005 Voluntary Early Retirement Plan (the "Plan") and how it operates. The questions and answers are intended only to provide you with a summary of the key parts of the Plan. It is not part of the official plan document. If there is any conflict between the plan document and this description, the plan document will apply:

1. What is the Plan?

Alitalia (the "Company") has adopted the Plan to provide enhanced benefits to eligible employees of the Company in eligible divisions, departments and/or units of the Company who voluntarily resign under the Plan.

The enhanced benefits that are provided to eligible employees in eligible divisions, departments and/or units who voluntarily elect to participate in the Plan and resign their employment under the Plan (and have their election accepted by the Company) include:

- A severance benefit from the Company; and
- Continued medical and dental insurance coverage for a period of time.

2. Why is the Plan being offered?

Alitalia has decided that it needs to restructure its United States operations and reduce staff as part of this restructuring. Before having to make any involuntary terminations, the Company wanted to offer voluntary termination to eligible employees so as to, hopefully, reduce (if not eliminate) the need for involuntary terminations.

3. What happens if not enough eligible employees elect to voluntarily resign and take the benefits of the Plan?

If the Company remains overstaffed after the Plan election period closes and the Company chooses which elections to accept, the Company may offer this Plan to eligible employees in other Company divisions or involuntarily terminate certain employees. The Company expects to take into account length of service, qualifications, and experience in performing the functions that will remain, in making decisions regarding involuntary terminations. Employees who are involuntarily terminated likely will not be provided with severance and medical and dental benefits.

4. How long is the Plan being offered?

The Plan is being offered for a limited period of time beginning **August 17, 2005** and ending **October 1, 2005** to employees in certain divisions, departments and/or units of the Company selected by the Company in its sole discretion. In order to participate, an eligible employee in an eligible division, department and/or unit must:

- During this period, make a request to resign on the enclosed Request Form; and
- Be accepted for the Plan by the Company; and
- Sign a Separation Agreement and General Release on or after the date the eligible employee actually resigns under the Program (your "Resignation Date").

5. When is my last date of scheduled employment if I request to resign under the Plan and I am accepted for the Plan by the Company?

Your last day of scheduled employment will be a date designated by the Company after **October 1, 2005**.

6. Who is eligible for the Plan?

You are eligible for the Plan if you are in an eligible division, department and/or unit and meet all of the following requirements as of **August 17, 2005**:

- You will be at least 50 years old as of **December 31, 2005** and you would have at least 15 full years of service as of **December 31, 2005** and
- You are an active employee of the Company

7. Who is not eligible for the Plan?

You are not eligible for the Plan, even if you meet the requirements in Question 6 above, if you fall into any of the following categories as of **August 17, 2005**:

- You are paid for services rendered to the Company directly by any outside entity or staffing agency;
- You have a written employment or separation agreement with the Company;
- You are classified by the Company as an independent contractor or consultant; or

- You are paid for services rendered to the Company directly by the Company through any means other than an internal payroll system.

8. How do I request to participate in and receive benefits under the Plan?

To request to participate in and receive benefits under the Plan, you must offer to voluntarily resign from your employment with the Company by signing and returning to the Company the 2005 Alitalia Voluntary Early Retirement Plan Request Form, attached hereto as Exhibit "1." The Voluntary Early Retirement Plan Request Form must be signed and returned to Francesco Gallo, Senior VP Corporate & Regulatory Affairs North America and Mexico no later than October 1, 2005. Once you submit the form, you will have 7 days to revoke your request to participate.

9. What happens after I submit a signed Voluntary Early Retirement Plan Request Form?

After you submit your signed Voluntary Early Retirement Plan Request Form, the Company will determine (in its sole discretion) whether or not to accept your offer to resign under the Plan. The Company intends to make these determinations after it receives all Request Forms.

If your offer to resign is accepted by the Company, you are eligible to resign and receive benefits under the Plan.

If your offer to resign is not accepted by the Company, you will not be eligible to receive benefits under the Plan.

10. What severance benefits are provided under the Plan?

If your offer to voluntarily resign is accepted, and you resign in accordance with the terms and conditions of the Plan, you will receive the following severance benefits:

VP, Director

If you are a VP or Director, as designated by the Company in its sole discretion, you will be entitled to receive the following benefits:

- Severance pay equal to 3 weeks of your regular base pay (as in effect on your last day of employment) multiplied by your full years of service with the Company in the United States and
- Continued medical and dental insurance coverage under the Company's medical and dental insurance plan on the same basis as active employees from your date of separation until the earlier of: the end of the 6-month period following your last day of

employment, or the date you obtain employment with available medical insurance.

Manager, Coordinator or Supervisor

If you are a Manager, Coordinator or Supervisor, as designated by the Company in its sole discretion, you will be entitled to receive the following benefits:

- Severance pay equal to 2 weeks of your regular base pay (as in effect on your last day of employment) multiplied by your full years of service with the Company in the United States and
- Continued medical and dental insurance coverage under the Company's medical and dental insurance plan on the same basis as active employees from your date of separation until the earlier of: the end of the 6-month period following your last day of employment, or the date you obtain new employment with available medical insurance.

Other Employees

If you are not a VP, Director, Manager, Coordinator or Supervisor, as designated by the Company in its sole discretion, you will be entitled to receive the following benefits:

- Severance pay equal to 1 ½ weeks of your regular base pay (as in effect on your last day of employment) multiplied by your full years of service with the Company in the United States and
- Continued medical and dental insurance coverage under the Company's medical and dental insurance plan on the same basis as active employees until the earlier of: the end of the 6-month period following your last day of employment, or the date you obtain new employment with available medical insurance.

Rules Applicable to Severance Benefits

The following rules apply to the severance benefits provided under this Plan:

- Severance pay will be paid to eligible employees, less applicable withholding taxes and other lawful deductions.
- Continued medical and dental insurance coverage will be treated as part of the COBRA continuation coverage period. At the end of the continued coverage provided under this Plan, the employee may elect to continue

coverage at his or her own expense for the remainder of the COBRA coverage period.

- The benefits provided under this Plan replace any other severance or income replacement benefits to which eligible employees may be entitled. Therefore, if an eligible employee elects to resign under the Plan, the eligible employee will not be entitled to receive any severance benefits other than those provided under the Plan.

11. How do I resign and receive benefits under the Plan?

To receive the benefits provided under this Plan, you must satisfy all of the following conditions:

- You must offer to voluntarily resign from your employment with the Company by signing and returning to Francesco Gallo, Senior VP Corporate & Regulatory Affairs North America and Mexico the Voluntary Early Retirement Plan Request Form no later than October 1, 2005; and
- The Company must accept your offer to voluntarily resign; and
- On or after your Resignation Date you must sign a Separation Agreement and General Release (the "Agreement") in the form attached hereto as Exhibit "2," and any other forms the Company may request, and return them to Francesco Gallo, Sr. Vice President Corporate Affairs North America & Mexico; and
- You must continue to be employed by the Company until your Resignation Date; and
- You must actually cease employment on your Resignation Date.

12. How will resigning under the Plan affect other Company-provided benefit plans, programs and arrangements in which I currently participate?

If you resign under the Plan, your participation in any other Company benefit plans will cease on your Resignation Date. Any benefits to which you may be entitled will be paid to you in accordance with all of the terms and subject to all of the conditions of the benefit plans. As this voluntary early retirement package does not affect the retirement levels, all normal retirement plan details remain the same.

13. Will I be entitled to unemployment compensation benefits if I resign under the Plan?

Unemployment compensation benefits are determined and paid by the applicable government agency in your state. They are not determined by the Company. However, the Company will not contest applications for unemployment.

14. Is this Plan mandatory?

Absolutely not. This Plan is entirely voluntary. However, involuntary terminations will be necessary if not enough employees choose to resign under this Plan.

15. What other documents describe the terms and conditions of the Plan?

This Announcement is a general summary and description of the Plan. However, if there is ever any discrepancy between this Announcement and the official Plan documents, the official Plan documents will control. Alitalia reserves the right to modify, amend, suspend or terminate the Plan in whole or in part at any time and from time to time, for any reason, by action of the Company.

16. Am I eligible for accrued vacation pay?

You will be paid for any accrued but unused vacation time on your Resignation Date. You will not accrue any additional vacation time after your Resignation Date.

END OF GENERAL ANNOUNCEMENT

**2005 ALITALIA
VOLUNTARY EARLY RETIREMENT PLAN**

EXHIBIT 1

**2005 ALITALIA VOLUNTARY
EARLY RETIREMENT PLAN
REQUEST FORM**

Employee Name: _____

Job Title: _____

I am voluntarily requesting to resign my employment in connection with the 2005 Alitalia Voluntary Early Retirement Plan (the "Plan"). If my resignation request is accepted, I understand that my last date of employment will be a date designated by Alitalia (the "Company") after **October 1, 2005**. I further understand that the Company has the absolute discretion to accept or reject my application for the Plan, and that I will be required to sign a Separation Agreement and General Release on my last day of employment in order to receive any benefits under the Plan.

If accepted for the Plan, I would like to receive the following benefits in return for my execution of a Separation Agreement and General Release:

Employee Signature: _____ Date: _____

**ACKNOWLEDGED AND ACCEPTED
BY ALITALIA**

By: _____

Name: _____

Title: _____

Date: _____